



# ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

# 48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala, Vijayawada,  
Krishna District - 520004. Andhra Pradesh, India. Tel. 0866-2429226, Cell : 88974 93344  
E-mail : appfcl@gmail.com, Website : www.appfcl.com CIN : U40109AP2000SGC107482

## APPFCL TERM SHEET:

### ISSUE DETAILS

|                      |  |
|----------------------|--|
| Security Name        | APPFCL NCD Issue - Series I 2019-20  |
| Issuer               | Andhra Pradesh Power Finance Corporation Limited   |
| Type of Instrument   | Unsecured, Un-Rated, Redeemable, Taxable Non-Convertible Bonds; supported by Unconditional & Irrevocable Guarantee by the Government of Andhra Pradesh as a principal debtor & not merely as a surety. Interest and principal will be serviced by Govt. of Andhra Pradesh fully, throughout the tenure of the issue.   |
| Nature of Instrument | Unsecured  |
| Seniority            | Senior   |
| Mode of Issue        | Private Placement  |
| Eligible Investors   | <p><b>Applications by QUALIFIED INSTITUTIONAL BUYERS ("QIBS"):</b></p> <ol style="list-style-type: none"><li>Mutual Funds, QIFs (Non-individual), FPIs (Non-individual);</li><li>Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;</li><li>Scheduled Commercial Banks;</li><li>State Industrial Development Corporations;</li><li>Insurance companies registered with the Insurance Regulatory and Development Authority;</li><li>Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;</li><li>National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</li><li>Insurance funds set up and managed by army, navy or air force of the Union of India.</li></ol> <p><b>Applications by "NON - QIBS":</b></p> <ol style="list-style-type: none"><li>Companies and Bodies Corporate authorized to invest in bonds/ debentures;</li><li>Co-operative banks and Regional Rural Banks authorized to invest in bonds/ debentures;</li><li>Gratuity Funds and Superannuation Funds;</li><li>Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore;</li><li>Societies authorized to invest in bonds/ debentures;</li><li>Trusts authorized to invest in bonds/ debentures;</li><li>Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;</li></ol> <p>However, as Bonds are being issued towards partial clearance of dues of Govt. of AP for DISCOMS liabilities. In turn on APPCC request, APPFCL Board has approved to allot these bonds to AP Power Generation Corporation Ltd. (AP Genco) and AP Power Development Corporation Ltd. (APPDCL) in lieu of DISCOM Liabilities to these entities. Hence the primary issue has not been offered to any of the other eligible investors. Later on, pos</p> |

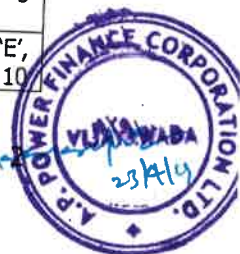




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| Non- Eligible classes of investors   | allotment, the bonds can be traded with any investors.<br>1. Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);<br>2. Non-resident investors being an individual including NRIs, QFIs (Individual) and FPIs (Individual);<br>3. Venture Capital Fund and Foreign Venture Capital Investor;<br>4. Overseas Corporate Bodies; and<br>5. Person ineligible to contract under applicable statutory/regulatory requirements.<br>6. Hindu Undivided Families;<br>7. Resident Individual Investor |
| Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)   | This is an unlisted bond issue and hence the Issuer would not be listing the Issue on any Stock Exchange. However, the Issuer retains the right to move for listing of these bonds on any recognized Stock Exchange in future and then it would comply with all the relevant applicable provisions.   |
| Issue Size   | 4,000 Crore   |
| Objects of the Issue   | Bonds are being issued towards partial clearance of dues of Govt. of AP for DISCOMS liabilities. In turn on APPCC request, APPFCL Board has approved to allot these bonds to AP Power Generation Corporation Ltd. (AP Genco) and AP Power Development Corporation Ltd. (APPDCL) in lieu of DISCOM Liabilities to these entities.  |
| Details of the utilization of the Proceeds   | Bonds are being issued towards partial clearance of dues of Govt. of AP for DISCOMS liabilities. In turn on APPCC request, APPFCL Board has approved to allot these bonds to AP Power Generation Corporation Ltd. (AP Genco) and AP Power Development Corporation Ltd. (APPDCL) in lieu of DISCOM Liabilities to these entities.  |
| Coupon Rate  | 10.32%  |
| Step Up/Step Down Coupon Rate  | N.A.  |
| Coupon Payment Frequency   | Quarterly   |
| Coupon payment dates   | 23/07; 23/10; 23/01; 23/04  |
| Coupon Type  | Fixed   |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc). | None  |
| Day Count Basis  | "Actual/ Actual" basis<br>All interest on Refunded Amount, penal interest, interest on application money, delay/ default interest shall be computed on an "actual/actual basis". Where the period for which such amounts are to be calculated (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis. Interest and principal would be paid on the immediately preceding day if the actual day falls on any holiday/Saturday/Sunday.   |
| Interest on Application Money  | Not Applicable as this is a non-cash transaction.   |
| Default Interest Rate  | In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the respective Coupon Rate payable on the bonds, on such amounts due, for the defaulting period.  |
| Tenor  | 4-10 years under 7 different Sub-Series namely 'A', 'B', 'C', 'D', 'E', 'F' and 'G' with tenure sequentially ranging from 4 years to 10   |







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| Redemption Date  | years, redeemable in quarterly instalments.<br>The issue of Rs. 4,000 crores would comprise of 7 Sub-Series (A to G) as mentioned above of sequentially, redeemable bonds in equal quarterly amount.<br><br>Each of the Sub-Series would be redeemable in 4 equal quarterly installments of 3.5714% of the aggregate issue size, with redemption of Sub-Series 'A' commencing from the end of 13th quarter, Sub-Series 'B' commencing from the end of 17th quarter and so on.   |
| Redemption Amount  | At par (Rs. 10 Lakhs) per bond  |
| Redemption Premium /Discount   | N.A.  |
| Issue Price  | At par (Rs. 10 Lakhs) per bond  |
| Face Value   | At par (Rs. 10 Lakhs) per bond  |
| Discount at which security is issued and the effective yield as a result of such discount. | N.A.  |
| Put option Date  | N.A.  |
| Put option Price   | N.A.  |
| Call Option Date   | N.A.  |
| Call Option Price  | N.A.  |
| Put Notification Time  | N.A.  |
| Call Notification Time   | N.A.  |
| Minimum Application and in multiples of Debt securities thereafter                         | One Bond and in multiple of one bond there after  |
| Basis of Allotment (if any)  | The Issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.  |
| Issuance mode of the Instrument  | Demat mode  |
| Trading mode of the Instrument   | Demat mode  |
| Settlement mode of the Instrument  | This being a non-cash transaction, these bonds would be allotted to specific investors in lieu of their outstanding amount which was to be received from Govt. of AP.<br>Payment of Interest and Redemption Amount of the Debentures shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ ECS/ RTGS/ NEFT or any other online payment mechanism allowed by the Banks.   |
| Business Day Convention  | Means a day (other than a Sunday and Saturday or a Bank holiday on which banks are open for general business in Mumbai#.<br>1. If the interest payment date falls on a holiday, the payment may be made on the preceding working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been preponed earlier because of it having fallen on a holiday.<br>2. If the Redemption Date and Coupon Payment Date of the debentures falls together on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on previous working Business Day along with interest accrued on the debentures until but excluding the date of such payment.<br>#In terms of the SEBI Circular No. CIR/MD/DF-1/122/2016 Dated 11 November, 2016, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai and Vijayawada. |
| Record Date  | 15 days prior to each coupon payment date / call option due date  |





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|                                      | and redemption date.<br>In the event the record date falls on a day which is not a business day, the immediately succeeding business day will be considered as Record date.   |
| Depository                           | National Securities Depository Limited and Central Depository Services (India) Limited  |
| Security (where applicable)          | N.A.  |
| Transaction Documents                | Information Memorandum<br>Debenture Trustee Agreement<br>Escrow Agreement<br>Debenture Trustee Deed<br>Deed of Guarantee  |
| Conditions Precedent to Disbursement | Since non-cash transaction, signing of all required agreement / transaction documents related to <u>pre issue</u> exercise.   |
| Condition Subsequent to Disbursement | Since non-cash transaction, signing of all required agreement / transaction documents related to <u>post issue</u> exercise.  |
| Events of Default                    | i. In the event that the APPFCL Bond Servicing Account is not funded by the GoAP and/or the Company by the Final Funding Date (T-5).<br>ii. Any failure on behalf of Issuer to perform or comply with one or more of its material obligations in relation to the bonds issued in pursuance of terms and conditions stated in the Disclosure Document and Debenture Trustee Agreement which in opinion of the Trustee is incapable of remedy.  |
| Remedies                             | In the event of occurrence of the EOD mentioned above, the Debenture Trustee shall on (T-4) invoke the State Government Guarantee to the extent of such shortfall in APPFCL Bond Servicing Account.<br>The invocation of Guarantee for any default would cover the entire liabilities remaining outstanding in these bonds.<br><br>The escrowing right on the APPFCL Bond Servicing Account would continue to remain active and operational till all the outstanding liabilities get settled.   |
| Collateral Support Structure         | The bonds would have collateral support by way of Unconditional & Irrevocable guarantee as a continuing obligation by the Government of Andhra Pradesh as a principal debtor & not merely as a surety.  |
| Escrow Account                       | The Issuer would be required to open a designated escrow account - "APPFCL Bond Servicing Account" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bond holders).  |
| Permitted Investments                | The funds in this Escrow Account till such time being utilized would be allowed to be invested in permitted investments i.e. (i) Fixed Deposits with Scheduled Commercial Banks with a minimum Credit Rating of AA, and/ or (ii) in units of liquid mutual funds having the highest possible investment grade rating. These investments are to be pledged in favour of the Debenture Trustee.<br><br>These investments would be made & liquidated by the Debenture Trustee as per the instruction of the issuer from time to time. However, any investment of funds of Bond Servicing Account other than in Bank FDs would be compulsorily liquidated by the Trustee on T-5 days if not liquidated earlier. The investment in Bank FDs, out of funds lying in APPFCL Bond Servicing Account should have a maturity date at least 1 day prior to the next bond servicing date. |
| Structured Payment Mechanism         | The Issuer and/or Government of Andhra Pradesh shall fund the   |



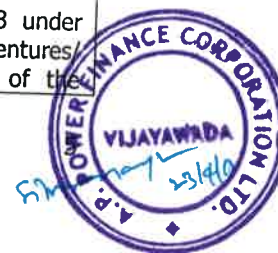




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|   | <p>APPFCL Bond Servicing Account to the extent of the next bond servicing obligation (Interest and Principal) at least 15 days prior (T-15) to the quarterly servicing date.</p> <p>The Debenture Trustee would independently monitor the adequacy of funds in the APPFCL Bond Servicing Account on T-14<sup>th</sup> day and inform the Andhra Pradesh State Government through written communication ("Shortfall Intimation Notice") in the format set out in Deed of Guarantee, to fund the shortfall, if any by T-10<sup>th</sup> day in terms of their guarantee obligation.</p> <p>In the event of such shortfall in APPFCL Bond Servicing Account not getting fully bridged through payments by State Government by T-10<sup>th</sup> day, the Debenture Trustee would call upon the State Government Guarantee on T-9<sup>th</sup> day to make good such shortfall in the APPFCL Bond Servicing Account and state its intention to invoke the guarantee by T-5<sup>th</sup> date if full funding is not done by the GoAP. The State Government has to make good this shortfall by T-5<sup>th</sup> day. The Deed of Guarantee would specifically provide for obligation on the part of the State Government to fund the shortfall in APPFCL Bond Servicing Account within stipulated timelines when called upon by the Debenture Trustee.</p> <p>Any fund support from the State Government should be by way of direct transfer from the State Government Account to APPFCL Bond Servicing Account and should not be routed through any other account of APPFCL.</p> <p>However, the T-9<sup>th</sup> day notice to the State Government to fund the shortfall would continue to remain active till T-5<sup>th</sup> day.</p> <p>If any of the milestone days mentioned in the T-structure above happens to be a holiday/ bank's closing day, the immediate preceding bank working day would be the deemed date for execution of the relevant action.</p> |
| Invocation of State Government Guarantee for Shortfall in APPFCL Bond Servicing Account | In the event that the APPFCL Bond Servicing Account is not funded by the GoAP and/or the Company by the Final Funding Date (T-5 <sup>th</sup> ), the Debenture Trustee shall on the next working day (T-4 <sup>th</sup> ) invoke the State Government Guarantee to the extent of such shortfall in APPFCL Bond Servicing Account.   |
| Guarantor and Principal Debtor  | Government of Andhra Pradesh  |
| Additional Covenants  | <p><b>1. Default in payment:</b><br/>In case of default in payment of interest and/or principal redemption on the due dates, additional interest of at least @ 2% p.a. over the Coupon Rate will be payable by the Organization for the defaulting period on defaulted amount.</p> <p><b>2. Escrow and Trust Deed Execution:</b> In case of delay of abovedocument execution beyond 60 days from the date of closure of Issue, the company shall either refund the subscription amount along with interest at coupon rate or shall pay penal interest of at 2% p.a. over the coupon rate for period of delay in execution of above documentation, beyond 60 days from date of closure of the Issue</p> <p><b>3. Allotment of securities:</b> As per Company Act 2013 under section 42 (6) of the Act, the Company shall allot the Debentures/ Bonds within (60)sixty days from the date of receipt of the</p>   |





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|  | <p>application money for such Debentures/ Bonds and if the Company is not able to allot the Debentures/ Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of (60)sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.</p> <p>On the happening of any of the event of default, in addition to the rights specified above, the debenture Holders/ debenture Trustees shall have the right as indicated.</p>  |
| Provisions related to Cross Default Clause     | N.A.  |
| Role and Responsibilities of Debenture Trustee | <p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Trustees by the Holder(s) of the debentures and shall further conduct itself and complied with the provisions of all applicable laws provided that, the provisions of Sec. 20 of the Indian Trusts Act, 1882 shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of Companies Act 2013, the Bond/Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of Holder(s) of the debentures. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the debentures. The Issuer shall, till the redemption of debentures, submit its latest audited/limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit &amp; Loss, Balance Sheet and Cash Flow Statement and Audited Qualifications, if any, to the Trustees. Besides, the Issuer shall within 180 days from the end of the Financial Year submit a copy of the latest Annual Report to the Trustees and the Trustees shall be obliged to share the details so submitted with all debenture Holder(s) within two working days of their specific request.</p> |
| Governing Law and Jurisdiction                 | The debentures are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the exclusive jurisdiction of the courts of Amaravathi, Andhra Pradesh.  |
| Debenture Trustee                              | SBICAP Trustee Company Limited  |
| Registrar                                      | Karvy Fintech Private Limited (earlier known as Karvy Computershare Private Limited)  |
| <b>* ISSUE TIMING *</b>                        |   |
| Issue Opening Date                             | 23/04/2019  |
| Issue Closing Date                             | 23/04/2019  |
| Pay-in Date                                    | Being Non-Cash Transaction, no Pay in date is required.   |
| Deemed Date of Allotment                       | 23/04/2019  |

